

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 3229 - HB 3470

March 6, 2012

SUMMARY OF BILL: Authorizes promotion of a third grade student, to the fourth grade, if the student participates in an LEA-approved research-based intervention prior to the beginning of the next school year, and upon retesting, shows a basic understanding of curriculum and ability to perform the skills required in the subject of reading.

ESTIMATED FISCAL IMPACT:

On February 18, 2012, a fiscal note was issued for this bill with a fiscal impact of *Increase State Expenditures - \$55,900/FY11-12 to FY20-21; Exceeds \$7,166,900/FY21-22 and Subsequent Fiscal Years. Increase Local Expenditures - Exceeds \$3,773,700/FY21-22 and Subsequent Fiscal Years.* Based on additional information received from the Department of Education, the fiscal impact has been corrected.

(CORRECTED)

**Increase State Expenditures - \$112,300/FY11-12 to FY20-21
Exceeds \$6,162,400/FY21-22 and Subsequent Fiscal Years**

**Increase Local Expenditures – Exceeds \$3,210,700/FY21-22 and Subsequent
Fiscal Years**

Assumptions:

- According to the Department of Education's 2009-10 Annual Statistical Report, the number of students retained in 2009-10 was 21,033, while 900,409 were promoted.
- In the 2011-2012 school year, there will be 73,812 students in grade three. Of this amount, 14.9 percent (10,998) of students with IEPs will not be eligible for retention.
- Of the remaining 62,814 (73,812 – 10,998), DOE estimates that 2.28 percent (1,432) will be retained under current guidelines and 97.72 percent (61,382) will be promoted.
- DOE estimates that five percent of those promoted will be retained (3,069). It is estimated that even though students are not required to participate that 100 percent of students who will be retained (3,069) will participate in an LEA intervention program and be re-tested.
- Of those who are tested, DOE estimates that 50 percent will be promoted and the other 1,534 students will be retained.

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- For the purposes of this fiscal note, it is assumed that the retesting will not be a full and refreshed TCAP test but an “off the shelf” test that the state will purchase and ship to the LEA. The cost of this form of retesting is estimated by the Department of Education to be \$25.50 per student with a \$250 shipping fee per LEA. According to the DOE, the state will pay for re-testing. The increase in recurring state expenditures will be \$112,260 $[(\$25.50 \text{ per test} \times 3,069) + (\$250 \times 136 \text{ LEAs})]$.
- The bill will take effect upon becoming law; therefore, it is assumed that students will be impacted in the current 2011-2012 school year.
- Retaining 1,534 students at the end of the 2011-2012 school year will result in an impact when these students are in the 12th grade in FY21-22, when retained students, who otherwise would have graduated, are still enrolled. The BEP currently funds each student at a rate of \$6,037 (\$3,944 state and \$2,093 local match).
- Each fiscal year beyond FY21-22, the state and local government will have an increase in BEP expenditures to fund students who were retained in FY11-12 and subsequent fiscal years. It is assumed that the number of students retained each year will remain relatively stable.
- In FY21-22 and subsequent fiscal years, the DOE estimates that BEP will be funding at a higher level per pupil expenditure.
- The increase in state expenditures in FY21-22 and subsequent fiscal years will exceed \$6,162,356 $[(\$3,944 \times 1,534) + \$112,260]$.
- The increase in local expenditures in FY21-22 and subsequent fiscal years will exceed \$3,210,662 $(\$2,093 \times 1,534)$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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